

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 SOE-02 AID-05 CEA-01 COME-00 EB-08 DOE-15
INT-05 OMB-01 OES-09 STR-07 TRSE-00 ACDA-12 /145 W
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R 072316Z JUL 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 1277

C O N F I D E N T I A L MEXICO 11150

E.O. 11652: N/A
TAGS: ENRG, MX
SUBJECT: POSSIBLE MEXICAN/USSR OIL DEAL

REF: A) MEXICO 9193 B) MEXICO 9333 C) JULY 6
BITTNER/RASE TELCON

1) PEMEX OFFICIALS STATE THAT MEXICAN POLICY IS TO SELL TO ALL BUYERS WILLING TO PAY MEXICO'S ASKING PRICE. HOWEVER, THEY CHARACTERIZE THE SOVIET PURCHASE OF MEXICAN OIL FOR CUBA (REFS A AND B) AS UNLIKELY. EMBASSY NOTES THAT UP-BEAT PRESS CONFERENCE STATEMENT (REF B) WAS MADE ON RETURN OF PRESIDENT LOPEZ PORTILLO AND PEMEX DIRECTOR GENERAL DIAZ SERRANO FROM A TOUR OF THE SOVIET UNION.

2) IN RESPONSE TO EMBASSY QUESTIONING PEMEX OFFICIALS STATED THAT THERE HAS BEEN NO, REPEAT NO, SOVIET FOLLOW THROUGH ON THE MEXICAN OFFER NOTED IN REFS A AND B. EMBASSY SUGGESTS THE REASON FOR THE SOVIET FAILURE TO TAKE THE MEXICAN OFFER IS THAT IT WOULD ENTAIL SIGNIFICANT HARD CURRENCY LOSSES. SOVIETS COULD UNDOUBTEDLY SELL IN EUROPE VOLUMES OF CRUDE OIL EQUAL TO ITS MEXICAN PURCHASES FOR
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CUBA. HOWEVER, THE USSR WOULD LOSE NOT ONLY THE PHANTOM FREIGHT CHARGES FROM EUROPE TO CUBA BUT ALSO THE AMOUNTS BY WHICH MEXICAN CRUDES ARE OVERPRICED IN WORLD MARKETS AND THE FREIGHT FROM MEXICO TO CUBA. HARD CURRENCY LOSSES COULD AMOUNT TO SEVERAL MILLION DOLLARS PER YEAR. THE ORIGINAL CONCEPT INVOLVED A SWAP ARRANGEMENT I.E. MEXICAN OIL TO CUBA AND SOVIET OIL TO EUROPE, AND WOULD PRESUMABLY

NOT HAVE COST THE RUSSIANS ANY HARD CURRENCY. WHEN THE
SWAP FELL THROUGH, THE SOVIETS MAY HAVE LOST INTEREST.
THOMPSON

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 07 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
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From: MEXICO
Handling Restrictions: n/a
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Litigation Codes:
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